GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Lands - APIIC Limited – Land allotted to an extent of 200.00 Acs at Chinapanduru (V), Varadaiahpalem (M) in Chittoor District in favour of M/s.Apollo Tyres Limited (ATL) for setting up of Modern and State of Art Tyre Manufacturing Plant and certain incentives extended for their proposed 1st phase of Tyre manufacturing facility – Extension of certain incentives/Facilities to M/s.Apollo Tyres Limited (ATL) in addition to the incentives already granted – Orders - Issued.

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.MS.No. 147 Dated: 31-10-2017

Read the following:

1. G.O.Ms.No.175, Ind & Com (Infra) Dept, dt.13.12.2016.
2. G.O.Ms.No.45, Ind & Com (P&I) Dept, dt.13.03.2017.
3. G.O.Ms.No.136, Ind & Com (Infra) Dept, dt.16.10.2017.
4. From the VC & MD, APIIC Ltd., Vijayawada Single File No.82215(S1)/APIIC/AM (P)/APOLLLO/2016-Part(1), dt.09.09.2017 & 04.10.2017.
5. Represention of M/s.Apollo Tyres Limited received through e-Mail, dt.03.06.2017 & 06.09.2017.
6. Minutes of the State Investment Promotion Board Meeting held on 17.10.2017 received vide U.O.Note No.10046/P&I/A1/2017, dt.25.10.2017.

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ORDER:

In the reference 1st read above, permission was accorded to APIIC Ltd., Vijayawada for allotment of land to extent of 200.00 Acs at Chinapanduru (V), Varadaiahpalem (M) in Chittoor District in favour of M/s.Apollo Tyres Limited (ATL) for setting up of Modern and State of Art Tyre Manufacturing Plant at the rate of Rs.11.00 Lakhs per Acre with an investment of Rs.525.00 Crores (in Phase- 1), generating employment of 900 members.

2. In the reference 2nd read above, orders were issued based on recommendations of the State Investment Promotion Board extending certain incentives to M/s.Apollo Tyres Limited for their proposed 1st phase of Tyre manufacturing facility in Chittoor District with an investment of Rs 525.00 Crore with a potential to create employment to 450 people. Among which the point (V) (c) indicates the Water Supply of 2,500KL/day water through pipeline with Total Dissolved Solids (TDS) less than 400 with estimated cost Rs.1.00 Crore.

3. In the reference 3rd read above, orders were issued towards allotment of subject land to M/s.Apollo Tyres Limited duly relaxing from the standard allotment conditions in the allotment letter of Andhra Pradesh Industrial Infrastructure Corporation Limited.

4. In the reference 4th read above, the Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., has furnished the draft Memorandum of Understanding to be entered between Government of Andhra Pradesh & M/s.Apollo Tyres Limited for surface Water supply to proposed Tyre manufacturing Unit for approval, which provides for continuous Water supply for successful implementation of the Project, since the source available in MI tanks for drawl of Water to the unit are under the control of Water Resources Dept they have to take care of the supply as committed by Government till the dedicated Industrial Water supply Scheme from Kandaleru Reservoir is commissioned. The VC&MD, APIIC Ltd., has further stated that it was not possible for treated water supply as envisaged G.O. 2nd read above as the major Water supply Scheme is under planning stage to be handled by Special Purpose Vehicle and the Water rate shall be as per Capital & Operating expenditure. As such & M/s.Apollo Tyres Limited has to pay the Special Purpose Vehicle or any other designated authority one time water connection charges with security deposit and the consumption charges are as per rate fixed from time to time by the Operator. The present consumption charges being collected for Multi Product Special Economic Zone & Industrial Park, Naidupeta are Rs.50/- per KL. And If Government desires to indicate the water rate in Memorandum of Understanding the differential amount between the rate indicated and rate fixed by Special Purpose Vehicle has to be compensated by Government. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited, Vijayawada has accordingly furnished the detailed draft Memorandum of Understanding for approval.

5. In a further Note dt.04.10.2017 the Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited, Vijayawada has re-submitted the proposal with the following changes in the earlier draft Memorandum of Understanding for approval:

(P.T.O.)

(i) Water supply for M/s.Apollo Tyres Limited is proposed to be provided from Kandaleru Reservoir through pipe line, which is proposed to be completed in three years time frame.

(ii) Till such time surface water will be provided from 3 nearby tanks (Exhibit 2) which can meet the ma requirement of M/s.Apollo Tyres Limited 2,500 KL/Day with additional filling of tanks from existing Telugu Ganga Project canal system.

(iii) M/s.Apollo Tyres Limited agrees to pay one time connection charges @ Rs.20,000/- per KL for supply of water up to 2,500 KL/Day up to Rs.5.00 (five) Crores.

(iv) Consumption charges of Rs.50/- per KL (Rupees Fifty per KL) for water consumed or minimum consumption charges.

(v) The consumption charges shall be subject to review every 10 (ten) years.

(vi) For any reason GoAP is not able to provide the surface water M/s.Apollo Tyres Limited have the following rights:

1.Refund of entire land cost paid to APIIC by M/s.Apollo Tyres Limited.

2. Seek reimbursement of any extra cost incurred by M/s.Apollo Tyres Limited in arranging the surface water, till such time GoAP not able to provide the surface water.

6. In the reference 5th read above, the Company has furnished revised Detailed Project Report informing that they have increased the Project cost in the 1st Phase from Rs.525.00 Crores with employment 450 Nos to Rs.1200.00 Crore with employment generation of 600 People. The Company has requested allotment of additional 60.00 Acs of land and also input & output, SGST reimbursement.

7. In the reference 6th read above, the State Investment Promotion Board (SIPB) in its Meeting held on 17.10.2017 while considering to extend certain incentives/Facilities to M/s.Apollo Tyres Limited (ATL) under Policy related issues, in addition to the incentives already granted, have directed the Water Resources Department to supply 2,500 KLD of water on continuous basis to meet the ultimate demand of M/s.Apollo Tyres Limited. The State Investment Promotion Board (SIPB) have accorded the following approvals in its decisions:

Water related issues:

(i) Continuous water supply from two sources with the following clauses:

(a) Reduction in one-time connection charges (from Kandaleru Reservoir) from Rs.16.50 Crores to Rs.5.00 Crores).

(b) Water cost @ Rs.40.00/KL with a revision of charges in 5 years.

(c) If for any reason whatsoever, GoAP is not able to provide the surface water as stated above, M/s.Apollo Tyres Limited shall, at its discretion, have the following rights:

(i) Ask for refund of entire land cost paid to APIIC and GoAP shall direct APIIC to ensure that the refund is made as per ATL's request.

(ii) Seek reimbursement of any extra cost incurred by M/s.Apollo Tyres Limited in arranging the surface water for its requirements, including the additional consumption charges over and above Rs.50.00/KL (or such water price prevailing at that point of time), till such time GoAP is not able to provide the surface water as stated above and GAP shall promptly provide such reimbursement to Apollo on Apollo providing all necessary support and documents substantiating such additional cost.

Land related issue:

SIPB directed the Industries Department to provide 60.00 Acres of additional land, in addition to the 200.00 Acres of the land already allocated to them, keeping in view the revised investment and presence of water bodies in the already allocated land.

Tax related issues:

SIPB decided to extend 100% gross SGST accrued to the State for a period of 15 years limited to 100% of the fixed capital investment, whichever is earlier.

8. Government, after careful examination of the recommendations of State Investment Promotion Board decided to extend the following incentives/Facilities to M/s.Apollo Tyres Limited (ATL) in addition to the incentives already granted:

(i) Water related issues:

(i) Continuous water supply from two sources with the following clauses:

(a) Reduction in one-time connection charges (from Kandaleru Reservoir) from Rs.16.50 Crores to Rs.5.00 Crores.

(b) Water cost @ Rs.40.00/KL with a revision of charges in 5 years.

(c) If for any reason whatsoever, GoAP is not able to provide the surface water as stated above, M/s.Apollo Tyres Limited shall, at its discretion, have the following rights:

(ii) Ask for refund of entire land cost paid to APIIC and GoAP shall direct APIIC to ensure that the refund is made as per ATL's request.

(iii) Seek reimbursement of any extra cost incurred by M/s.Apollo Tyres Limited in arranging the surface water for its requirements, including the additional consumption charges over and above Rs.50.00/KL (or such water price prevailing at that point of time), till such time GoAP is not able to provide the surface water as stated above and GAP shall promptly provide such reimbursement to Apollo on Apollo providing all necessary support and documents substantiating such additional cost.

(ii) Land related issue:

Allotment of additional land to an extent of 60.00 Acres to M/s.Apollo Tyres Limited in addition to the 200.00 Acres of the land already allocated to them, keeping in view the revised investment and presence of water bodies in the already allocated land.

(iii) Tax related issues:

Extended 100% gross SGST accrued to the State for a period of 15 years limited to 100% of the fixed capital investment, whichever is earlier.

9. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited, Vijayawada shall take further necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., H.No.12B, 59A-8-12B, Guru Nanak Colony Road, Teacher's Colony, Vijayawada-520008.

Copy to:
The Commissioner of Industries, 1st Floor, Government Regional Printing Press Buildings, Mutyalampadu, Vijayawada – 520 011.
The Water Resources Department, A.P. Secretariat, Amaravathi, Velagapudi.
The P.S. to Principal Secretary to C.M. (GSP), A.P. Secretariat, Amaravathi, Velagapudi.
The P.S.to Secretary to Government & CIP, A.P. Secretariat, Amaravathi, Velagapudi.
The Ind & Com (P&I) Department.
SF/SC.

//FORWARDED BY: ORDER//

SECTION OFFICER